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MINISTRY OF LAW

New Delhi, the 29th April, 1958/Vaisakha 9, 1880 (Saka)

The following Act of Parliament received the assent of the President on the 28th April, 1958, and is hereby published for general information:—

THE FINANCE ACT, 1958

No. 11 of 1958

[28th April, 1958]

An Act to give effect to the financial proposals of the Central Government for the financial year 1958-59

BE it enacted by Parliament in the Ninth Year of the Republic of India as follows:—

1. This Act may be called the Finance Act, 1958.

2 (1) Subject to the provisions of sub-sections (2) and (3), for the year beginning on the 1st day of April, 1958,—

(a) income-tax shall be charged at the rates specified in Part I of the First Schedule, and, in the cases to which Paragraphs A, B and C of that Part apply, shall be increased by a surcharge for purposes of the Union and a special surcharge on unearned income, calculated in either case in the manner provided therein; and

(b) super-tax shall, for the purposes of section 55 of the Indian Income-tax Act, 1922 (hereinafter referred to as the Income-tax Act), be charged at the rates specified in Part II of the First Schedule, and, in the cases to which Paragraphs A, B and C of that Part apply, shall be increased by a surcharge for purposes of the Union and a special surcharge on unearned income, calculated in either case in the manner provided therein.

Short title.

Income-tax
and super-
tax.

11 of 1922.

(2) In making any assessment for the year ending on the 31st day of March, 1959,—

(a) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" or any income chargeable under the head "Interest on Securities" or any income from dividends in respect of which by virtue of section 49B of the Income-tax Act he is deemed himself to have paid the income-tax imposed under that Act, the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Finance (No. 2) Act, 1957, on his total income the same proportion as ^{26 of 1957.} the amount of such inclusions bears to his total income;

(b) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" on which super-tax has been or might have been deducted under the provisions of sub-section (2) of section 18 of the Income-tax Act, the super-tax payable by the assessee on that portion of his total income which consists of such inclusion shall be an amount-bearing to the total amount of super-tax payable according to the rates applicable under the operation of the Finance (No. 2) Act, 1957, on his total income the same ^{26 of 1957.} proportion as the amount of such inclusion bears to his total income.

(3) In cases to which section 17 of the Income-tax Act applies, the tax chargeable shall be determined as provided in that section, and with reference to the rates imposed by sub-section (1).

(4) For the purposes of this section, and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Income-tax Act, and the expression "earned income" has the meaning assigned to it in clause (6AA) of section 2 of that Act.

Amendment
of section 4.

3. In section 4 of the Income-tax Act,—

(i) in sub-section (1), for the third proviso, the following proviso shall be substituted, namely:—

"Provided further that if in any year the amount of income accruing or arising without the taxable territories exceeds the amount brought into the taxable territories in that year, there shall not be included in the assessment of the income of that year so much of such excess as does not exceed four thousand five hundred rupees, and where any part of such excess consists of salaries paid by the Govern

ment, a local authority or a corporation established by a Central, State or Provincial Act, the amount of such salaries not to be included as aforesaid shall be further limited to a sum calculated at the rate of one thousand rupees for each month of service in respect of which the salaries are received abroad.”;

(ii) in sub-section (3),—

(1) for clause (via), the following clause shall be substituted, namely:—

“(via) subject to such conditions as the Central Government may prescribe,—

(a) passage moneys or the value of any free or concessional passage received by or due to any person, not being a citizen of India, from his employer for himself, his wife and children, in connection with his proceeding on home leave out of India; and

(b) the value of any travel concession or assistance received by or due to any person, being a citizen of India, from his employer for himself, his wife and children, in connection with his proceeding on leave to his home-town or village in India;”;

(2) after clause (xi), the following clause shall be inserted, namely:—

“(xia) any income chargeable under the heads “Interest on Securities”, “Income from Property” and “Income from other sources” of a registered Trade Union within the meaning of the Indian Trade Unions Act, 1926, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen;”;

(3) for the *Explanation* to clause (xiva), the following *Explanation* shall be substituted, namely:—

‘*Explanation*.—“Technician” means a person having specialised knowledge and experience in constructional or manufacturing operations, or in mining or in the generation or distribution of electricity or any other form of power, who is employed in India in a capacity in which such specialised knowledge and experience are actually utilised;”;

(4) in clause (xxi), after the words “Sixth Schedule to the Constitution”, the words “or in the Union territories of

Manipur and Tripura" shall be inserted, and shall be deemed always to have been inserted.

Amendment
of section
4A

4. In section 4A of the Income-tax Act, for clause (c), the following clause shall be substituted, namely:—

"(c) A company is resident in the taxable territories in any year, if—

(i) it is an Indian company; or

(ii) during that year the control and management of its affairs is situated wholly in the taxable territories."

Amendment
of section 7.

5. In section 7 of the Income-tax Act,—

(1) in sub-section (1), in the proviso to *Explanation 2*, for the words "State Government", the words "State Government, a local authority or a corporation established by a Central, State or Provincial Act" shall be substituted and shall be deemed always to have been substituted;

(2) in sub-section (2), for clause (ii), the following clause shall be substituted, namely:—

"(ii) in respect of any allowance in the nature of an entertainment allowance specifically granted to the assessee by his employer—

(a) in the case of an assessee who is in receipt of a salary from the Government, a sum equal to one-fifth of his salary (exclusive of any special allowance, benefit or other perquisites) or five thousand rupees, whichever is less; and

(b) in the case of any other assessee, a sum equal to one-fifth of the salary (exclusive of any special allowance, benefit or other perquisites) or seven thousand five hundred rupees, whichever is less, except in any case where the assessee was not in receipt of such entertainment allowance regularly from his present employer before the year beginning on the first day of April, 1955."

Amendment
of section
9.

6. In section 9 of the Income-tax Act, after clause (b) of sub-section (4), the following clause shall be inserted and shall be deemed always to have been inserted, namely:—

"(c) taxes levied by a local authority in respect of any property shall be deemed to include service taxes levied by the local authority in respect of the property."

7. In section 10 of the Income-tax Act,—

Amendment
of section
10.

(1) for clause (vib) of sub-section (2), the following clause shall be substituted, namely:—

“(vib) in respect of a new ship acquired or new machinery or plant installed after the 31st day of March, 1954, which is wholly used for the purposes of the business carried on by the assessee, a sum by way of development rebate in respect of the year of acquisition of the ship or of the installation of the machinery or plant, equivalent to,—

(i) in the case of a ship acquired after the 31st day of December, 1957, forty per cent. of the actual cost of the ship to the assessee; and

(ii) in the case of a ship acquired before the 1st day of January, 1958, and in the case of any machinery or plant, twenty-five per cent. of the actual cost of the ship or machinery or plant to the assessee.

Explanation 1.—In the case of a ship acquired or machinery or plant installed after the 31st day of December, 1957, where the total income of the assessee for the year of acquisition or installation (the total income for this purpose being computed without making any allowance under this clause) is *nil* or is less than the full amount of the development rebate calculated at the rate applicable thereto under this clause,—

(i) the sum to be allowed by way of development rebate for that year under this clause shall be only such amount as is sufficient to reduce the said total income to *nil*; and

(ii) the amount of the development rebate, to the extent to which it has not been allowed as aforesaid, shall be carried forward to the following year, and the development rebate to be allowed for the following year shall be such amount as is sufficient to reduce the total income of the assessee for that year, computed in the manner aforesaid, to *nil*, and the balance of the development rebate, if any, still outstanding shall be carried forward to the following year and so on, so however that no portion of the development rebate shall be carried forward for more than eight years.

Explanation 2.—Where in any year development rebate is to be allowed in accordance with the provisions of *Explanation 1* in respect of ships acquired or machinery or plant installed in more than one year, and the total income

of the assessee for that year (the total income for this purpose being computed without making any allowance under this clause) is less than the aggregate of the amounts due to be allowed in respect of the assets aforesaid for that year, the following procedure shall be followed, namely:—

(i) the allowance under paragraph (ii) of *Explanation 1* shall be made before any allowance under paragraph (i) of that *Explanation* is made; and

(ii) where an allowance has to be made under paragraph (ii) of *Explanation 1* in respect of amounts carried forward from more than one year, the amount carried forward from an earlier year shall be allowed before any amount carried forward from a later year:

Provided that no allowance under this clause shall be made unless—

(a) the particulars prescribed for the purpose of clause (vi) have been furnished by the assessee in respect of the ship or machinery or plant; and

(b) except where the assessee is a company being a licensee within the meaning of the Electricity (Supply) Act, 1948, or where the ship has been acquired or the machinery or plant has been installed before the 1st day of January, 1958, an amount equal to seventy-five per cent. of the development rebate to be actually allowed is debited to the profit and loss account of the relevant previous year and credited to a reserve account to be utilised by him during a period of ten years next following for the purposes of the business of the undertaking, except—

(i) for distribution by way of dividends or profits; or

(ii) for remittance outside India as profits or for the creation of any asset outside India,

and if any such ship, machinery or plant is sold or otherwise transferred by the assessee to any person other than the Government at any time before the expiry of ten years from the end of the year in which it was acquired or installed, any allowance made under this clause shall be deemed to have been wrongly allowed for the purposes of this Act.”;

(2) after sub-section (4A), the following sub-section shall be inserted and shall be deemed always to have been inserted, namely:—

“(4B) Nothing in clause (vi) or clause (via) of sub-section (2) shall be deemed to authorise the allowance for any previous year of any sum in respect of any building, machinery, plant or furniture sold, discarded, demolished or destroyed in that year.”.

8. In sub-section (2) of section 18 of the Income-tax Act, for the words “at a rate representing the average of the rates applicable to the estimated total income of the assessee under this head”, the words “at a rate representing the average of the rates in force for the financial year in which he is required to deduct the tax which are applicable to the estimated total income of the assessee under this head” shall be substituted, and shall be deemed always to have been substituted. Amendment of section 18.

9. In section 23A of the Income-tax Act, in sub-section (1), for the words “unless he is satisfied that, having regard to the losses incurred by the company in earlier years or to the smallness of the profits made in the previous year, the payment of a dividend or a larger dividend than that declared would be unreasonable”, the following shall be substituted, namely:— Amendment of section 23A.

“unless he is satisfied—

(i) that, having regard to the losses incurred by the company in earlier years or to the smallness of the profits made in the previous year, the payment of a dividend or a larger dividend than that declared would be unreasonable; or

(ii) that the payment of a dividend or a larger dividend than that declared would not have resulted in a benefit to the revenue;”.

10. In section 35 of the Income-tax Act, after sub-section (10), the following sub-section shall be inserted, namely:— Amendment of section 35.

“(11) Where an allowance by way of development rebate has been made wholly or partly to an assessee in respect of a ship, machinery or plant in any year of assessment under clause (vib) of sub-section (2) of section 10, and subsequently at any time before the expiry of ten years from the end of the year in which the ship was acquired or the machinery or plant was installed—

(i) the ship, machinery or plant is sold or otherwise transferred by the assessee to any person other than the Government; or

(ii) the assessee utilises the amount credited to the reserve account under that clause—

(a) for distribution by way of dividends or profits;
or

(b) for remittance outside India as profits or for the creation of any asset outside India; or

(c) for any other purpose which is not a purpose of the business of the undertaking;

the development rebate originally allowed shall be deemed to have been wrongly allowed, and the Income-tax Officer may, notwithstanding anything contained in this Act, proceed to re-compute the total income of the assessee for the relevant year as if the re-computation is a rectification of a mistake apparent from the record within the meaning of this section, and the provisions of sub-section (1) shall apply accordingly, the period of four years specified therein being reckoned from the end of the year in which the transfer takes place or the money is so utilised.”.

Substitution
of new sec-
tion for se-
ction 44.

Liability in
case of firm
or associa-
tion dis-
continued
or dis-
solved.

11. For section 44 of the Income-tax Act, the following section shall be substituted, namely:—

“44. (1) Where any business, profession or vocation carried on by a firm or other association of persons has been discontinued or where a firm or other association of persons is dissolved, the Income-tax Officer shall make an assessment of the total income of the firm or other association of persons as such as if no such discontinuance or dissolution had taken place.

(2) If the Income-tax Officer, the Appellate Assistant Commissioner or the Appellate Tribunal in the course of any proceedings under this Act in respect of any such firm or other association of persons as is referred to in sub-section (1) is satisfied that the firm or other association is guilty of any of the acts specified in clause (a) or clause (b) or clause (c) of sub-section (1) of section 28, he or it may impose or direct the imposition of a penalty in accordance with the provisions of that section.

(3) Every person who was at the time of such discontinuance or dissolution a partner of the firm or a member of the association, as the case may be, shall be jointly and severally liable for the amount of tax or penalty payable, and all the provisions of Chapter IV so far as may be, shall apply to any such assessment or imposition of penalty.”.

12. In section 59 of the Income-tax Act, after clause (a) of sub-section (2), the following clause shall be inserted, namely:—

Amendment of section 59.

“(aa) provide for the determination of the value of any perquisite chargeable to tax under this Act in such manner and on such basis as appears to the Central Board of Revenue to be proper and reasonable:

Provided that the rules made in respect of the matters specified in this clause on the first occasion they are made shall not be subject to the condition of previous publication and may be given retrospective effect from such date as the Central Board of Revenue thinks fit;”.

13. (1) The amendment to the Income-tax Act made by sub-clause (3) of clause (ii) of section 3 shall not apply—

Commencement of amendments to Act 11 of 1922.

(a) to a person to whom the second proviso to clause (xiva) of sub-section (3) of section 4 of the Income-tax Act applies if his contract of service has been approved by the Central Government before the 1st day of March, 1958; or

(b) to any other person who arrives in India before the 1st day of April, 1958.

(2) Save as otherwise provided in sub-section (1) or elsewhere in this Act, the amendments to the Income-tax Act made by this Act shall have effect on and from the 1st day of April, 1958.

14. In the Wealth-tax Act, 1957, the following amendments shall be made and shall be deemed always to have been made, namely:—

Amendment of Act 27 of 1957.

(a) for clause (h) of section 2, the following clause shall be substituted, namely:—

1 of 1956.

“(h) “company” means a company as defined in section 3 of the Companies Act, 1956, and includes—

(i) a company within the meaning of any law in force in the State of Jammu and Kashmir relating to companies; and

(ii) a company incorporated outside India which has a place of business in India;”;

(b) in clause (xvi) of sub-section (1) of section 5, for the words “and post office national savings certificates”, the words “post office national savings certificates, post office national plan certificates and twelve year national plan savings certificates” shall be substituted;

(c) in section 6, for the words “In computing the net wealth of an individual”, the words “In computing the net

wealth of an individual who is not a citizen of India or of an individual" shall be substituted.

Amendment
of Act 32
of 1934.

15. The Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act), shall be amended in the manner specified in Parts I, II and III of the Second Schedule.

Amendment
of Act 1 of
1949.

16. (1) In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures "1958", the figures "1959" shall be substituted.

(2) For the removal of doubts it is hereby declared that the continuance by sub-section (1) of the amendments referred to in section 4 of the Indian Tariff (Amendment) Act, 1949, shall be ^{I of 1949} subject to the amendments made in the Tariff Act by this Act, and, further, be deemed always to have been subject to the amendments, if any, made in the Tariff Act by any Act of Parliament passed after the commencement of the Indian Tariff (Amendment) Act, 1949.

Amendment
of Act 1 of
1944.

17. In the First Schedule to the Central Excises and Salt Act, 1944,—

(a) in Item No. 9,—

(i) for sub-item I(5) (iii), the following shall be substituted, namely:—

"(iii) granule ('rawa') of tobacco capable of passing through a sieve having 16 uniform circular or square apertures per linear inch";

(ii) the *Explanation* to sub-item I(5) shall be omitted;

(b) in Item No. 15, for the entry in the third column, the entry "Twenty-four rupees per ton" shall be substituted.

Discontinu-
ance of salt
duty.

18. For the year beginning on the 1st day of April, 1958, no duty ^{I of 1949,} under the Central Excises and Salt Act, 1944, or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

THE FIRST SCHEDULE

(See section 2)

PART I

Income-tax and surcharge on income-tax

Paragraph A

(i) In the case of every individual who is married and every Hindu undivided family whose total income does not exceed Rs. 20,000 in either case.

Rates of Income-tax

Where the individual has no child wholly or mainly dependent on him or where the Hindu undivided family has no minor coparcener	Where the individual has one child wholly or mainly dependent on him or where the Hindu undivided family has one minor coparcener	Where the individual has more than one child wholly or mainly dependent on him or where the Hindu undivided family has more than one minor coparcener
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	Rs.		Rs.		Rs.	
(1) On the first	3,000	of total income	3,300	of total income	3,600	of total income Nil
(2) On the next	2,000	"	1,700	"	1,400	" 3%
(3) On the next	2,500	"	2,500	"	2,500	" 6%
(4) On the next	2,500	"	2,500	"	2,500	" 9%
(5) On the next	2,500	"	2,500	"	2,500	" 11%
(6) On the next	2,500	"	2,500	"	2,500	" 14%
(7) On the next	5,000	"	5,000	"	5,000	" 18%

(ii) In the case of every individual who is not married and every individual or Hindu undivided family whose total income in either case exceeds Rs. 20,000 and in the case of every unregistered firm or other association of persons, not being a case to which Paragraph B or Paragraph C or Paragraph D of this Part applies :—

	Rs.	
(1) On the first	1,000	of total income Nil
(2) On the next	4,000	" 3%
(3) On the next	2,500	" 6%
(4) On the next	2,500	" 9%
(5) On the next	2,500	" 11%
(6) On the next	2,500	" 14%
(7) On the next	5,000	" 18%
(8) On the balance of total income.		25%

Provided that for the purposes of this Paragraph—

(i) no income-tax shall be payable on a total income which does not exceed the limit specified below;

(ii) the income-tax payable shall in no case exceed half the amount by which the total income exceeds the said limit;

(iii) the income-tax payable by an individual who is married or a Hindu undivided family whose total income exceeds in either case Rs. 20,000 shall not exceed the aggregate of—

(a) the income-tax which would have been payable if the total income had been Rs. 20,000;

(b) half the amount by which the total income exceeds Rs. 20,000;

The limit aforesaid shall be—

(i) Rs. 6,000 in the case of every Hindu undivided family which as at the end of the previous year satisfies either of the following conditions, namely:—

(a) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(ii) Rs. 3,000 in every other case.

Surcharges on Income-tax

The amount of income-tax computed at the rates hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under:—

(a) A surcharge for purposes of the Union equal to the sum of—

(i) five per cent. of the amount of income-tax; and

(ii) where the earned income included in the total income exceeds Rs. 1,00,000, five per cent. of the difference between the amount of income-tax which would have been payable on the whole of the earned income included in the total income if such earned income had been the total income and the amount of income-tax payable on a total income of Rs. 1,00,000;

(b) A special surcharge on unearned income at fifteen per cent. of the difference between the amount of income-tax on the total income and the amount of income-tax on the whole of the earned income, if any, included in the total income if such earned income had been the total income:

Provided that—

(i) no surcharge for purposes of the Union shall be payable where the total income does not exceed the limit specified below;

(ii) no special surcharge on unearned income shall be payable in the case of an assessee whose total income does not include any income from dividend on ordinary shares if his total income does not exceed the limit specified below, and where the total income includes any dividends on ordinary shares, such limit shall be increased by Rs. 1,500 or the amount of the said dividends, whichever is less:

Provided further that—

(a) where the total income includes any dividends on ordinary shares, the surcharge for purposes of the Union and the special surcharge on unearned income shall not in each case exceed half the amount by which the total income exceeds the respective limits applicable in either case;

(b) the surcharge for purposes of the Union and the special surcharge on unearned income, both together, shall not exceed half the amount by which the total income exceeds the limit specified below;

The limit aforesaid shall be—

(i) Rs. 15,000 in the case of every Hindu undivided family which satisfies as at the end of the previous year either of the following conditions, namely:—

(a) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(ii) Rs. 7,500 in every other case.

Explanation.—For the purposes of this Paragraph, in the case of every Hindu undivided family governed by the *Mitakshara* law, a son shall be deemed to be entitled to claim partition of the coparcenary property against his father, or grand-father notwithstanding any custom to the contrary.

Paragraph B

In the case of every company and local authority,—

Rates of income-tax

On the whole of the total income	...	30%
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Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge of 5 per cent. thereon.

Paragraph C

(1) In every case in which under the provisions of the Income-tax Act, income-tax is to be charged at the maximum rate,—

Rates of income-tax

On the whole of the total income	25%
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Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge of 20 per cent. thereon.

(2) In every case in which under the provisions of the Income-tax Act, income-tax is to be deducted at the maximum rate, deduction shall be made from the whole income which is to be subjected to such deduction at the following rates, namely:—

	Rate of income-tax on the whole income	Rate of surcharge on the whole in- come
In the case of every company	30%	1.5%
In any other case	25%	5%

Paragraph D

In the case of every registered firm,—

Rates of income-tax

(1) On the first Rs. 40,000 of total income	...	Nil
(2) On the next Rs. 35,000 of total income	...	5%
(3) On the next Rs. 75,000 of total income	...	6%
(4) On the balance of total income	...	9%

PART II

*Super-tax and surcharge on super-tax**Paragraph A*

In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which any other Paragraph of this Part applies,—

Rates of super-tax

(1) On the first Rs. 20,000 of total income	..	Nil
(2) On the next Rs. 5,000 of total income	..	5%
(3) On the next Rs. 5,000 of total income	..	15%
(4) On the next Rs. 10,000 of total income	..	20%
(5) On the next Rs. 10,000 of total income	..	30%
(6) On the next Rs. 10,000 of total income	..	35%
(7) On the next Rs. 10,000 of total income	..	40%
(8) On the balance of total income	..	45%

Surcharges on super-tax

The amount of super-tax computed at the rates hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under:

(a) A surcharge for purposes of the Union equal to the sum of—

(i) five per cent. of the amount of super-tax; and

(ii) where the earned income included in the total income exceeds Rs. 1,00,000, five per cent. of the difference between the amount of super-tax which would have been payable on the whole of the earned income included in the total income, if such earned income had been the total income and the amount of super-tax payable on a total income of Rs. 1,00,000;

(b) A special surcharge on unearned income at fifteen per cent. of the difference between the amount of super-tax on the total income and the amount of super-tax on the whole of the earned income, if any, included in the total income, if such earned income had been the total income.

Paragraph B

In the case of every local authority,—

Rates of super-tax

On the whole of the total income.

16%

Surcharges on super-tax

The amount of super-tax computed at the rate hereinbefore specified shall be increased by a surcharge of 12½% thereon.

Paragraph C

In the case of every association of persons being a co-operative society as defined in clause (5B) of section 2 of the Income-tax Act,—

Rates of super-tax

- | | | |
|--|----|-----|
| (1) On the first Rs. 25,000 of total income. | .. | Nil |
| (2) On the balance of total income. | .. | 16% |

Surcharges on super-tax

The amount of super-tax computed at the rates hereinbefore specified shall be increased by a surcharge of 12½% thereon.

Paragraph D

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,— 31 of 1956

Rates of super-tax

On the whole of its profits and gains from life insurance business.	11%
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In the case of every other company,—

Rates of super-tax

On the whole of the total income.	50%
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Provided that,—

(i) a rebate at the rate of 40 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company and a rebate at the rate of 35 per cent. on the balance of the total income shall be allowed in the case of any company which—

(a) in respect of its profits liable to tax under the Income-tax Act for the year ending on the 31st day of March, 1959, has made the prescribed arrangements for the declaration and payment within India of the dividends payable out of such profits and for the deduction of super-tax from dividends in accordance with the provisions of sub-section (3D) of section 18 of that Act; and

(b) is such a company as is referred to in sub-section (9) of section 23A of the Income-tax Act with a total income not exceeding Rs. 25,000;

(ii) a rebate at the rate of 40 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company and a rebate at the rate of 30% on the balance of the total income shall be allowed in the case of any company which satisfies condition (a) but not condition (b) of the preceding clause;

(iii) a rebate at the rate of 40% on so much of the total income as consists of dividends from a subsidiary Indian company and a rebate at the rate of 20% on the balance of the total income shall be allowed in the case of any company not entitled to a rebate under either of the preceding clauses:

Provided further that,—

(i) the amount of the rebate under clause (i) or clause (ii) shall be reduced by the sum, if any, equal to the amount or the aggregate of the amounts, as the case may be, computed as hereunder:—

<p>(a) on that part of the aggregate of the sums arrived at in accordance with clause (i) of the second proviso to Paragraph D of Part II of the First Schedule to the Finance (No. 2) Act, 1957, as has not been deemed to have been taken into account, in accordance with clause (ii) of the said proviso, for the purpose of reducing the rebate mentioned in clause (i) of the said proviso to nil.</p>	<p>The whole amount of such part.</p>
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26 of 1957.

<p>(b) on the amount representing the face value of any bonus shares or the amount of any bonus issued to its shareholders during the previous year with a view to increasing the paid-up capital except to the extent to which such bonus shares or bonus have been issued out of premiums received in cash on the issue of its shares; and</p>	<p>at the rate of 30%</p>
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(c) in addition, in the case of a company referred to in clause (ii) of the preceding proviso which has distributed to its shareholders during the previous year dividends

in excess of six per cent. of its paid-up capital, not being dividends payable at a fixed rate—

(A) in the case of a company which is not such as is referred to in sub-section (9) of section 23A of the Income-tax Act,—

on that part of the said dividends at the rate of which exceeds 6 per cent. but does not 10% exceed 10 per cent. of the paid-up capital;

on that part of the said dividends at the rate of which exceeds 10 per cent. of the paid-up 20% capital;

and

(B) in the case of any other company—

on that part of the said dividends at the rate of which exceeds 6 per cent. but does not 10% exceed 10 per cent. of the paid-up capital;

on that part of the said dividends at the rate of which exceeds 10 per cent. but does not 20% exceed 18 per cent. of the paid-up capital;

on that part of the said dividends at the rate of which exceeds 18 per cent. of the paid-up 30% capital;

(ii) where the sum arrived at in accordance with clause (i) of this proviso exceeds the amount of the rebate arrived at in accordance with clause (i) or clause (ii), as the case may be, of the preceding proviso, only so much of the amounts of reduction mentioned in sub-clauses (a), (b) and (c) of clause (i) of this proviso as is sufficient, in that order, to reduce the rebate to nil shall be deemed to have been taken into account for the purpose:

Provided further that the super-tax payable by a company, the total income of which exceeds rupees twenty-five thousand shall not exceed the aggregate of—

(a) the super-tax which would have been payable by the company if its total income had been rupees twenty-five thousand, and

(b) half the amount by which its total income exceeds rupees twenty-five thousand.

Explanation.—For the purposes of this Paragraph—

(i) the expression “paid-up capital” means the paid-up capital (other than capital entitled to a dividend at a fixed rate) of the company as on the first day of the previous year relevant to the assessment for the year ending on the 31st day of March, 1959, increased by any premiums received in cash by the company on the issue of its shares, standing to the credit of the share premium account as on the first day of the previous year aforesaid;

(ii) the expression “dividend” shall be deemed to include any distribution included in the expression “dividend” as defined in clause (6A) of section 2 of the Income-tax Act;

(iii) where any portion of the profits and gains of the company is not included in its total income by reason of such portion being exempt from tax under any provision of the Income-tax Act, the “paid-up capital” of the company, the amount distributed as dividends (not being dividends payable at a fixed rate), the amount representing the face value of any bonus shares and the amount of any bonus issued to the share-holders shall each be deemed to be such proportion thereof as the total income of the company for the previous year bears to its total profits and gains for that year other than capital receipts, reduced by such allowances as may be admissible under the Income-tax Act which have not been taken into account by the company in its profit and loss account for that year.

THE SECOND SCHEDULE

(See section 15)

PART I

In the First Schedule to the Tariff Act,—

(i) in Item No. 47(2), for the existing entry in the fourth column, the entry “Rs. 3 per pound or 50 per cent. *ad valorem*, whichever is higher, *plus* the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty” shall be substituted;

(ii) in Item No. 63(24), for the existing entries in the fourth and fifth columns, the entires “50 per cent. *ad valorem*” and “40 per cent. *ad valorem*” shall respectively be substituted;

(iii) in Item No. 63(33), for sub-item (b) in the second column, the following sub-item shall be substituted, namely:—

“(b) machine screws, including the following types the shank of which has been threaded to within two pitches from the head, namely:—

- (i) mushroom head roofing bolts, all types;
- (ii) hexagonal head bolts, all types;
- (iii) mudguard cycle bolts (with threading other than British Standard cycle threading).”.

PART II

In the First Schedule to the Tariff Act, for Items Nos. 28(27), 28(28) and 71(13), the following Items shall respectively be substituted, namely:—

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
1	2	3	4	5	6	7
"28(27)	Antibiotics, such as streptomycin, gramicidin, tyrocidine, tyrothricin and preparations which contain only one antibiotic and are free from other therapeutic ingredients, but not including penicillin in bulk, and penicillin and its products specified in Items Nos. 28(26) and 28 (26A).	Preferential Revenue.	20 per cent. <i>ad valorem</i> .	14 per cent. <i>ad valorem</i> .	14 per cent. <i>ad valorem</i> .	..
28(28)	(a) Sulpha drugs and preparations which contain only one sulpha drug and are free from other therapeutic ingredients;	Preferential Revenue.	20 per cent. <i>ad valorem</i> .	14 per cent. <i>ad valorem</i> .	14 per cent. <i>ad valorem</i> .	..
	(b) Vitamins and vitamin preparations (excluding fish liver oils) free from other therapeutic ingredients.	Preferential Revenue.	20 per cent. <i>ad valorem</i> .	14 per cent. <i>ad valorem</i> .	14 per cent. <i>ad valorem</i> .	..
71(13)	(1) Zip fasteners—					
	(a) with metal teeth other than those specified in category (b).	Revenue	100 per cent <i>ad valorem</i> or Re. 1 per foot, whichever is higher.	..	..	..
	(b) with metal teeth having not more than 9 teeth per inch on either side and in which the total width of the metal portion in the closed state is not less than 8 mm.	Revenue	100 per cent <i>ad valorem</i> or Re. 1 per foot, whichever is higher.	..	..	..
	(c) not otherwise specified.	Revenue	100 per cent. <i>ad valorem</i> or Re. 1 per foot, whichever is higher.	..	..	..
	(2) Parts of zip fasteners—					
	(a) teeth, that is to say, each of the two sides of teeth, whether imported in continuous lengths or cut to size and whether imported in interlocking pairs or not.	Revenue	100 per cent <i>ad valorem</i> or 50 naye paise per foot, whichever is higher.	..	..	..
	(b) others.	Revenue	100 per cent <i>ad valorem</i>	..	..	..

PART III

In the Second Schedule to the Tariff Act, in Item No. 9, for the existing entry in the second column, the entry "Mustard oil (including rapeseed oil, jamba oil and radish seed oil)" shall be substituted.

G. R. RAJAGOPAUL,
Addl. Secy. to the Govt. of India.

